



# Public Service Commission of Wisconsin

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## **Increased Natural Gas Costs Drive Decision on WP&L Interim Fuel Case**

*Commission also opens proceeding to explore speeding up refunds to consumers*

MADISON – Today the Public Service Commission of Wisconsin (PSC) granted an interim electric rate increase for Wisconsin Power and Light (WP&L) to reflect the increased costs of natural gas. In addition, the PSC reopened the full rate case to explore the option of returning over-collections to consumers in an expedited manner.

The PSC approved an interim electric rate increase of \$55 million or about 6%, which means \$3.00 per month to the average residential customer. The new rate is set on an interim basis, pending a full audit of the rate request and subject to a refund with 11.5 percent interest.

“Natural gas prices have increased dramatically over the past few years and have spiked recently,” said Chairperson Daniel Ebert. “This year alone, WP&L customers have seen \$115 million in rate increases due to the run up in natural gas prices. If prices of natural gas had remained constant, these approved rate increases would have only been about \$5 million, or less than 2%.”

Interim fuel rate cases are designed to provide flexibility for utilities to react to these volatile fuel prices. Under the interim fuel rate procedure, a utility first proves that its fuel costs have exceeded the range set in its previous rate case. The Commission agreed today that WP&L’s fuel costs exceeded the preset threshold and granted the interim rate increase.

“We are facing extraordinary times,” said Commissioner Mark Meyer. “The disruption in the gas supply is the only reason WP&L made this request and it is clear they have gone outside their fuel range. As a part of our action today, we will also be looking at how to provide protections for consumers should fuel prices decrease.”

Next, the PSC will conduct a full audit of the increased fuel costs to determine if the amount of the request is reasonable. Public hearings will also be held on the interim rates, which will be announced at a later date. If the Commission decides that the fuel rate increase or any portion of the fuel rate increase was excessive or unwarranted, the funds will be returned to ratepayers at 11.5 percent interest.

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The Commission has also decided to reopen WP&L's previous rate proceeding. The Commission will revisit a provision that determines when the utility can seek a fuel rate increase and when it is required to reduce rates or provide refunds to customers. This will allow the Commission to react more quickly when fuel costs go down and when utilities need to adjust customer rates to reflect the reduction. The PSC will hold a scheduling conference on Thursday, December 8<sup>th</sup> at which the next steps in the case will be determined.

(END)